**Joint Legislative Audit and Review Commission
of the Virginia General Assembly**

2003 JLARC Workplan

**Staff Briefing
May 12, 2003**

Studies Under Deputy Director
R. Kirk Jonas

Support for HJR 159: Joint Subcommittee Reviewing Boards and Commissions

- **Project Leader: Kirk Jonas**

- **Project Team: Sandra Wright (PT), Ellen Jackson**

Acclimation of the Ethnically Diverse Population

- **Project Leader: Linda Ford**

- **Project Team: Tracey Smith, Laura Whitely (PT), Jeff Geiger (intern)**

Ongoing Review of State Spending

- **Project Leader: Walt Smiley**

- **Project Team: Kimberly Sarte (PT)**

Support for HJR 159:
Joint Subcommittee Reviewing Boards and Commissions

JLARC Staff Support of the HJR 159 Joint Subcommittee

- In 2002, the General Assembly passed HJR 159 creating a Joint Subcommittee to Study the Operations, Practices, Duties and Funding of the Commonwealth's Agencies, Boards, Commissions, Councils and Other Government Entities

- HJR 159 provided that the Division of Legislative Services and the Joint Legislative Audit and Review Commission provide staff support for the study

- JLARC provided staff support in 2002 and will continue to provide support in 2003

Actions of HJR 159 Joint Subcommittee to Date

- The Joint Subcommittee met five times in 2002

- HJR 159 Interim Report issued

- HJR 159 members introduced 25 bills, recommending the elimination of 47 collegial bodies

- 21 of the 25 bills were passed, eliminating 43 collegial bodies

- All of the passed HJR 159 bills were signed by the Governor

Partial Listing of Agency and Program Initiations, Consolidations, and Abolishments

	Created	Abolished	Transferred	Name Change	Sunset Removed	Consolidated
1994	**7**	**1**		**1**	**1**	**1**
1995	**17**	**1**	**2**	**1**		
1996	**18**	**11**	**3**	**1**	**2**	
1997	**4**	**1**				
1998	**12**	**1**	**1**			
1999	**18**		**2**			
2000	**18**		**1**	**2**		
2001	**11**	**1**	**2**	**1**		**3**
2002	**10**	**2**	**1**	**2**	**2**	
2003	**19**	**61**	**3**	**1**		**3**
Totals	134	79	15	9	5	7

HJR 159 Joint Subcommittee 2003 Workplan

- **The Joint Subcommittee met in March and approved a workplan for the year that will focus on:**
  - Concluding the review of boards and commissions
  - Selected issues regarding board member appointment and compensation
  - A review of agency reporting requirements
  - A review of dormant accounts established in *Code*
  - Other issues

- **The Joint Subcommittee has meetings scheduled for May 20, September 16, and November 18**

- **JLARC staff will continue to provide research and report development support**

Acclimation of the
Ethnically Diverse Population

Study Mandate

- ■ **House Joint Resolution 604 (2003) directs JLARC to study the acclimation of the Commonwealth's ethnically diverse population. The resolution specifically directs staff to evaluate:**

  - ● **The potential need for State, regional, and local government services to the immigrant populations that are unique or typically exceed those of the general population**

  - ● **The benefits and costs of the major immigrant populations to the State**

  - ● **Federal government policies and programs that affect the immigrant populations and that could impact State initiatives**

  - ● **Options for local, regional, and State governments to facilitate acclimation of the immigrant populations into the State's economy and social fabric**

- ■ **The mandate further directs staff to recommend changes in the State's laws and regulations, as appropriate, to ensure equal opportunity for all ethnic groups**
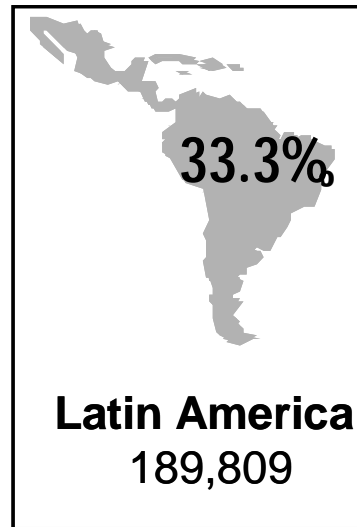
Background

- **According to the U.S. Census Bureau, there were 31 million foreign-born persons residing in the U.S. in 2000**

- **Virginia ranks 11th in the nation in the number of foreign-born residents. As of 2000, there were approximately 570,000 foreign-born residents in Virginia**

- **Virginia's foreign-born residents increased from two percent of the State's population in 1970 to eight percent in 2000**
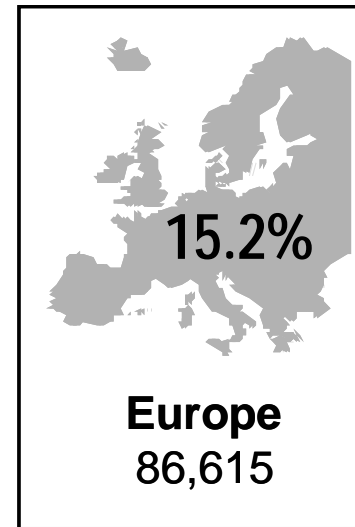
The 570, 279 Foreign- Born Persons Currently Residing in Virginia Emigrated From . . .
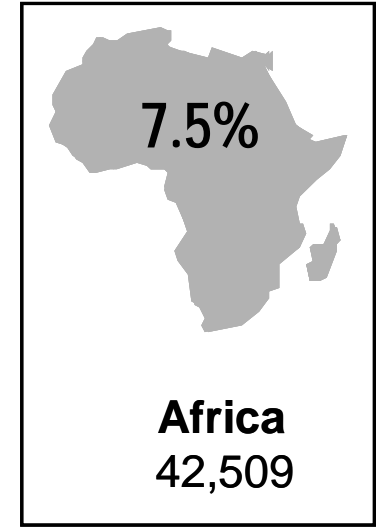
Asia
235,374
41.3%

Latin America
189,809
33.3%

Europe
86,615
15.2%

Africa
42,509
7.5%
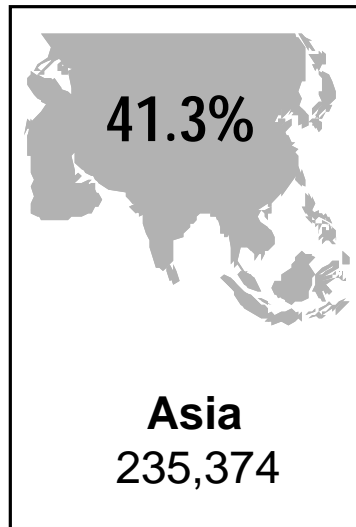
Korea	6.5%
Philippines	6.4
India	5.4
Vietnam	5.4
China	4.1
Pakistan	2.4
Other	7.8
Asia	**41.3%**

El Salvador	9.6%
Mexico	5.7
Bolivia	2.7
Peru	2.4
Guatemala	2.1
Other	10.8
Latin America	**33.3%**

United Kingdom	3.5%
Other	11.7
Europe	**15.2%**

Background
(continued)

Foreign-Born as a Percent of of the Total Population

- Over 10 percent
- 5 to 10 percent
- 1 to 5 percent
- Less than 1 percent
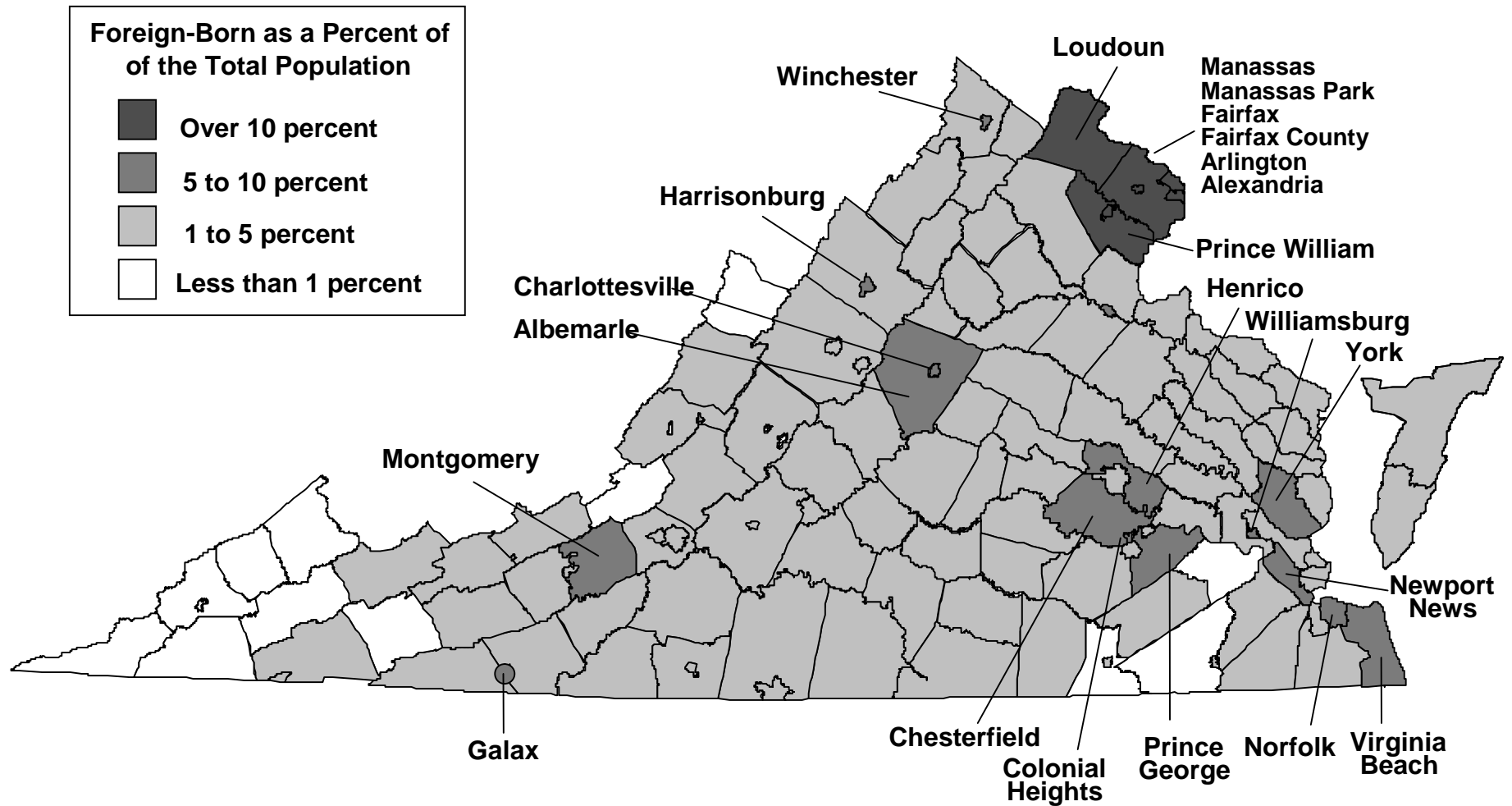
Study Issues

■ **What are the needs of the foreign-born population that are unique to the population?**

■ **What services are available to the foreign-born population from the federal, State and local governments, and private organizations?**

■ **In what ways can the State better facilitate acclimation of the foreign-born population into the economic and social fabric of Virginia?**

Study Issues
(continued)

- What economic and social value does the foreign-born population add to Virginia, and is the value unique to the foreign-born population?

- What are the economic and social costs associated with the foreign-born population, and are the costs unique to the foreign-born population?

- What initiatives have been implemented by other states, and to what extent have those initiatives been successful?

Research Activities

- ■ **Structured interviews**

- ■ **Regional advisory group meetings with major immigrant community leaders**

- ■ **Analysis of U.S. Census and other data**

- ■ **Literature review**

- ■ **Review of federal laws and regulations**

- ■ **Review of other states**

Study Schedule

■ Data collection and analysis   spring and summer 2003

■ Report drafting   fall 2003

■ Commission briefing   November 2003

Ongoing Review of State Spending

Study Mandate

- *Code of Virginia* §30-58.3 directs JLARC annually to review State spending and identify:

    - The largest and fastest growing programs

    - The causes of expenditure growth

    - Programs that may be indistinct or inefficient, and

    - Programs that could be consolidated

- Prior reports (December 2001 and June 2002) focused on spending trends:

    - State spending trends, and spending growth within agencies

    - General fund revenue forecasting process

    - Development and use of performance measures, and

    - How Virginia compared to the other state

Prior Reports

- **Five special reports in 2002 addressed efficiency and consolidation issues:**

  - **The Secretarial System**

  - **Tax Compliance**

  - **Pharmaceutical Spending**

  - **Higher Education**

  - **State Business Incentives**

- **These reports contained recommendations that contributed to $67 million in savings and new revenue incorporated in the Appropriation Act**

Explaining Budget Growth

■ **JLARC staff use a combination of methods to explain long-term budget growth:**

- **Analyzing societal factors such as population growth, inflation, growth in personal income, etc.**

- **Recapping Virginia-specific factors, such as initiatives and funding decisions**

- **Identifying budget drivers – the agencies and programs that account for the bulk of spending growth**

- **Examining how individual agency budgets have grown**
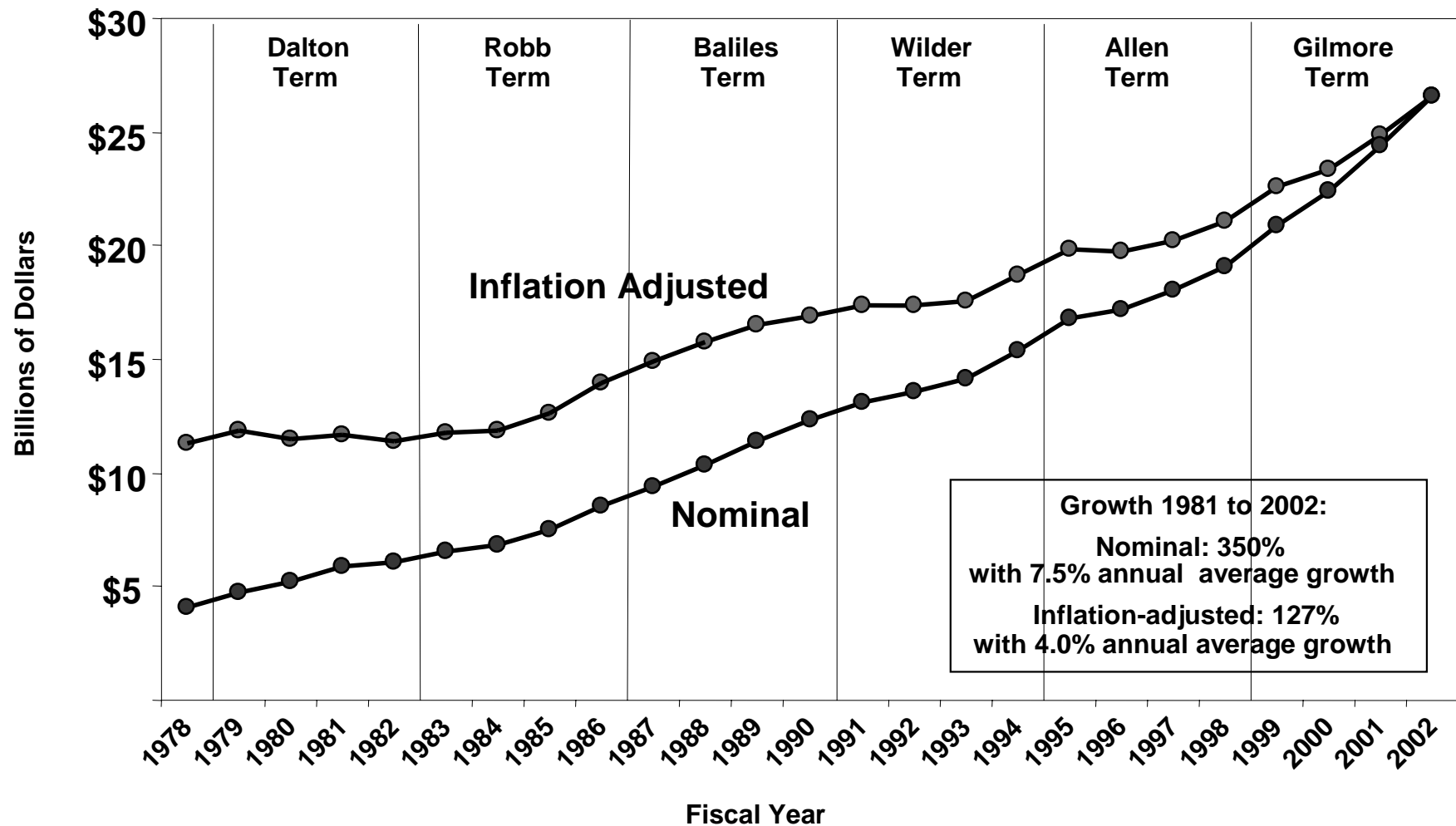
Examples of Workload Growth
1981 - 2002

Agency Workload	Growth
K-12 Enrollment	12%
Special Education Enrollment	54%
4-year College Enrollment	29%
Tuition (Undergraduate, UVa)	306%
Medicaid-Eligible Recipients	136%
Disabled, Blind	166%
AFDC/TANF caseload	- 57%
Support Enforcement Collections	>6,000%
State-Responsible Inmates	318%
MHMR Institutional Population	- 58%
Vehicle Miles Traveled	96%

Virginia Expenditures
FY 1978 – FY 2002, Budgetary Basis

Billions of Dollars

| Dalton Term | Robb Term | Baliles Term | Wilder Term | Allen Term | Gilmore Term |

Inflation Adjusted

Nominal

Growth 1981 to 2002:

Nominal: 350%
with 7.5% annual average growth

Inflation-adjusted: 127%
with 4.0% annual average growth

Fiscal Year

2003 Activities

- ■ **Update key spending trends from FY 1981 - FY 2002**

- ■ **Identify principal reasons for growth in large General Fund agencies such as Departments of Education and Medical Assistance Services**

- ■ **Research major trends and factors explaining long term budget changes**

- ■ **Provide staff support for HJR 159 Joint Subcommittee as needed**

Research Activities

■ **Structured interviews**

■ **Data collection and analysis**

■ **Document reviews**

■ **Surveys**

Study Schedule

■ FY 2002 update report   June 2003

■ Data analysis   summer-fall 2003

■ Commission briefing   October 2003

Studies Under Division Chief
Robert B. Rotz

Best Practices for the Support Services of School Divisions

- **Project Leader:** Bob Rotz
- **Project Team (PT):** Ashley Colvin   Christine Wolfe

State Funding Formula for Educational Technology

- **Project Leader:** Kimberly Sarte (PT)
- **Project Team (PT):** Wendy Brown   Greg Rest

Review of Factors and Practices Associated with School Performance

- **Project Leader:** Hal Greer
- **Project Team (PT):** Wendy Brown   Ashley Colvin
  Paula Lambert   Greg Rest

Best Practices for the
Support Services of School Divisions

Study Mandate

- **House Joint Resolution (HJR) No. 34 from the 2002 Session:**

  - Requires the Joint Legislative Audit and Review Commission (JLARC) to "examine the best administrative, fiscal, and service practices" of Virginia public schools

  - Notes that there have been mechanisms in place to identify and analyze effective instructional programs and practices

  - Also notes that there has been no similar mechanism in place to accomplish this task for non-instructional activities

- **Mandate requires:**

  - Interim report prior to 2003 General Assembly (completed)

  - Final report by the end of November 2003

Categories of Services Included in the Review as "Support" or "Non-Instructional"

- Administrative systems and services (central administration)

- Attendance services

- Health services

- Operation and maintenance

- Pupil transportation

- Safety and security

- Technology support

- School food

- School construction

State Standards of Quality (SOQ) Address the Provision of Support Services

- **The second of the seven codified SOQ (Section 22.1-253.13:2 of the *Code of Virginia*) provides in part that:**

  - **"The General Assembly and the Board of Education believe that effective schools must provide and maintain efficient and cost-effective support services to ensure quality education…"**

  - **"Each local school board shall provide those support services which are necessary for the efficient and cost-effective operation and maintenance of its public schools including, but not limited to, administration, instructional support, pupil personnel services, student attendance and health, operation and maintenance of the buildings and management information systems"**

- **Thus, the SOQ recognize the necessity of support services, but also emphasize that those services should be provided in an efficient and cost-effective manner**

Study Issues

- **What potential best practices are currently used by some school divisions in Virginia to provide non-instructional services?**

- **What factors currently impact the costs of providing non-instructional services? Do school divisions with low costs tend to use best practices?**

- **What role might best practices play in lifting the efficiency and effectiveness of school division non-instructional services? What impact might be obtained through their greater dissemination?**

Research Activities in Phase I Focused on Obtaining Potential Best Practice Ideas

■ **Best practices from Virginia school divisions**

- Top priority study activity for identifying best practices

- Developed web site location that divisions could use to submit best practices

- Letter sent to all division superintendents, and also tailored follow-up letters sent to 820 school division staff

- Obtained over 180 best practice submissions

■ **Review of best practice efforts in other states**

- Secondary priority for this study

- Florida and Texas appear to have done the most work in identifying potential best practices

- Performance audit report recommendations based on the findings from school division reviews by State audit teams can be helpful (Florida, Pennsylvania, Texas)

Research Methods in Phase II Include Data Analysis and Site Visits

- **Data analysis:**
  - Initial analysis of division expenditure patterns
  - More detailed quantitative analysis of factors impacting support costs

- **Site visits are underway:**
  - Visits to 20 school divisions
  - Methods include interviews and facility tours

- **In addition, JLARC staff will be meeting with the superintendents' leadership advisory council in late June regarding ideas to solicit more best practices**

Questions to Address
Through Site Visits

- **<u>Use of Best Practices</u> – To what extent are best practices used? To what extent are practices used that appear to be inefficient?**

- **<u>Caliber of Services Provided</u> – To what extent are there differences in the caliber of the services that are offered?**

- **<u>Unique Characteristics</u> – To what extent are there unique local circumstances or demographics that impact the cost level?**

- **<u>Data Reporting Practices</u> – Are there any unusual data reporting practices that impact the types of costs reported as non-instructional?**

Content of the Final Report

■ **The final report is expected to consider:**

- ● **The factors that impact per-pupil support expenditures, including the role of best practices**

- ● **Current obstacles to more widespread use of best practices**

- ● **Potential ways to promote greater use of best practices**

- ● **The potential impact of increased use of best practices on local and State funding**

Project Schedule

- Complete site visits   May to mid-July 2003

- Complete data analysis   July 2003

- Report development   Aug. – Sep. 2003

- Briefing   October 2003

State Funding Formula for Educational Technology

Study Mandate

- ■ **Senate Joint Resolution 87 (2002) directs JLARC to:**

    - ● Recommend a state funding formula for educational technology and technology support personnel, and

    - ● Assess the use of federal and private sector assistance for educational technology

Background: Expenditures for Educational Technology

Total School Division Expenditures on Technology
2001-2002 School Year
($ Millions)

	Classroom Instruction	Instructional Support	Administration	All Other	Total
Personnel Costs	$56.6	$44.1	$31.2	$5.3	$137.2
Non-Personnel Costs	$102.5	$51.0	$43.9	$34.2	$231.6
Total	$159.1	$95.1	$75.1	$39.5	$368.8

Background
(continued)

■ **School divisions' technology-related expenditures are a response to state requirements for educational technology. For example:**

- *Standards of Quality* **require local school boards to implement a program of instruction "…which emphasizes … proficiency in the use of computers and related technology"**

- *Standards for Accrediting Public Schools* **require local school administrations to provide "…properly equipped laboratories that meet the needs of instruction in the sciences, technology, fine arts, and career and technical programs"**

- *Standards of Learning* **contain specific computer/technology standards for grades 5, 8, and 12**

■ **School divisions may also be responding to local pressure to improve technology capabilities.**

Background
(continued)

■ **Federal funding:** Around $30 million annually was provided to Virginia in the previous biennium and is expected to continue for the current biennium

■ **State funding:**

- Localities will receive $128 million in initiative funding for educational technology during the 2002-2004 biennium

- Divisions may use also lottery funds and school construction funds for non-personnel technology costs

- Some funding is also provided through SOQ basic aid, but due to the way data have been reported, these costs have not been separately identifiable

Educational Technology Funding Formula Options

■ **Final report will include funding formula options covering three main areas:**

- Technology support staffing

  - Integration support

  - Technical support

- Technology training

- Technology non-personnel costs

  - Hardware/equipment replacement

  - Infrastructure

Existing State Support and
Enhanced Federal and Private Sector Support

■ **Report will indicate how much options cost compared to an estimate of what the State is already providing for educational technology**

■ **Report will also address whether federal and private sector support for educational technology can be enhanced**

- **It appears that the State is doing what it can to maximize federal support for education technology**

- **Report will discuss whether there are ways to enhance private sector support, but there may be limits on the usefulness of private sector donations**

Project Status and Next Steps

- **Project work accomplished to date:**
  - Assessed existing federal, State, and local educational technology funding
  - Researched educational technology funding best practices in other states and nationally
  - Conducted a survey of Virginia's school divisions
  - Held a session at the Virginia Society for Technology in Education (VSTE) Annual Conference
  - Conducted site visits with a subset of Virginia's school divisions

- **Next steps:**
  - Complete estimate of State funds provided through the SOQ in support of educational technology
  - Develop funding formula options for final report

Project Schedule

■ **Designate funding formula options**   spring/summer 2003

■ **Calculate additional cost of funding formula options**   spring/summer 2003

■ **Provide final report and Commission briefing**   September 2003

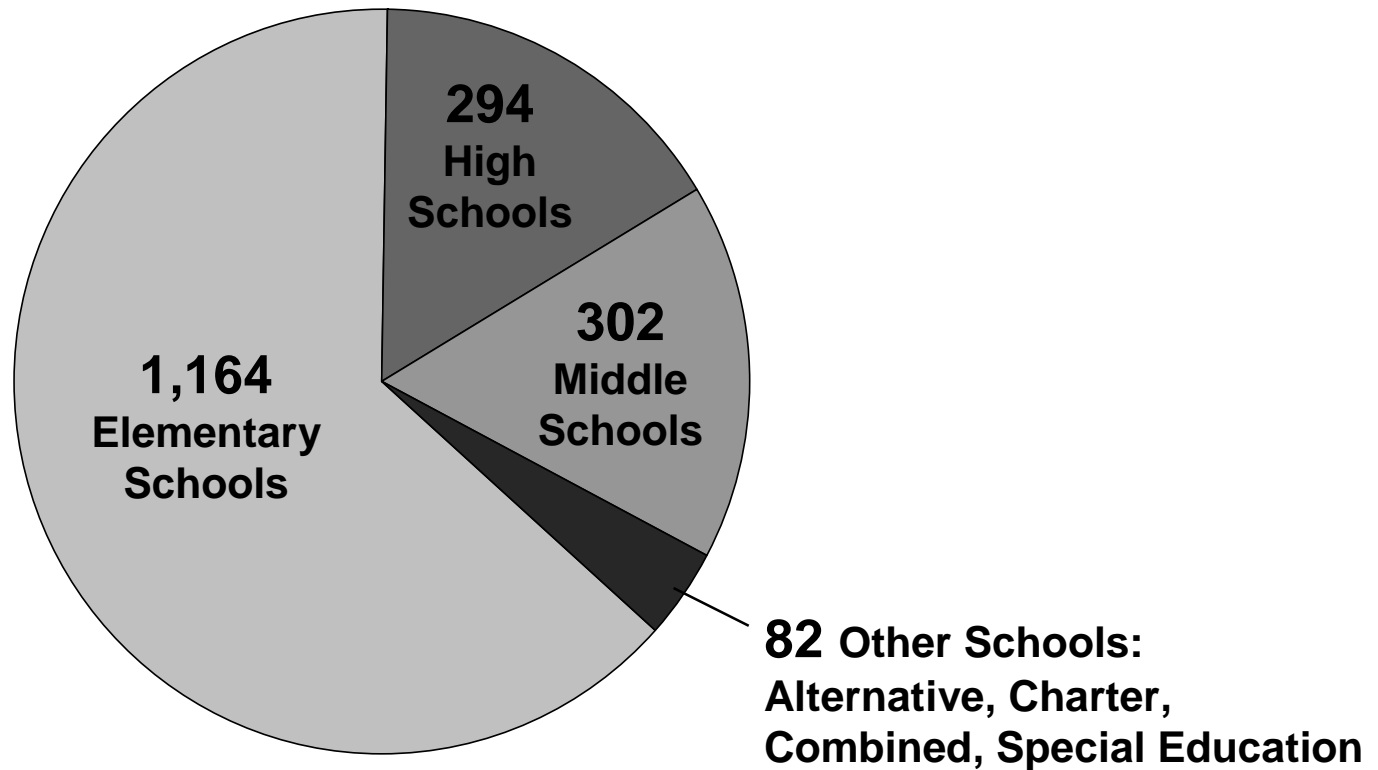# Review of Factors and Practices Associated with School Performance

Study Mandate

■ **Senate Joint Resolution 349 (2003) directs JLARC to assess best practices at high-performing public schools**

■ **The resolution specifically directs staff to identify and examine:**

- Demographic and other factors that may influence academic success

- Practices and demographic information regarding the best- and poorest-performing school divisions

- Successful practices in high-performing school divisions with marked fiscal or other challenges
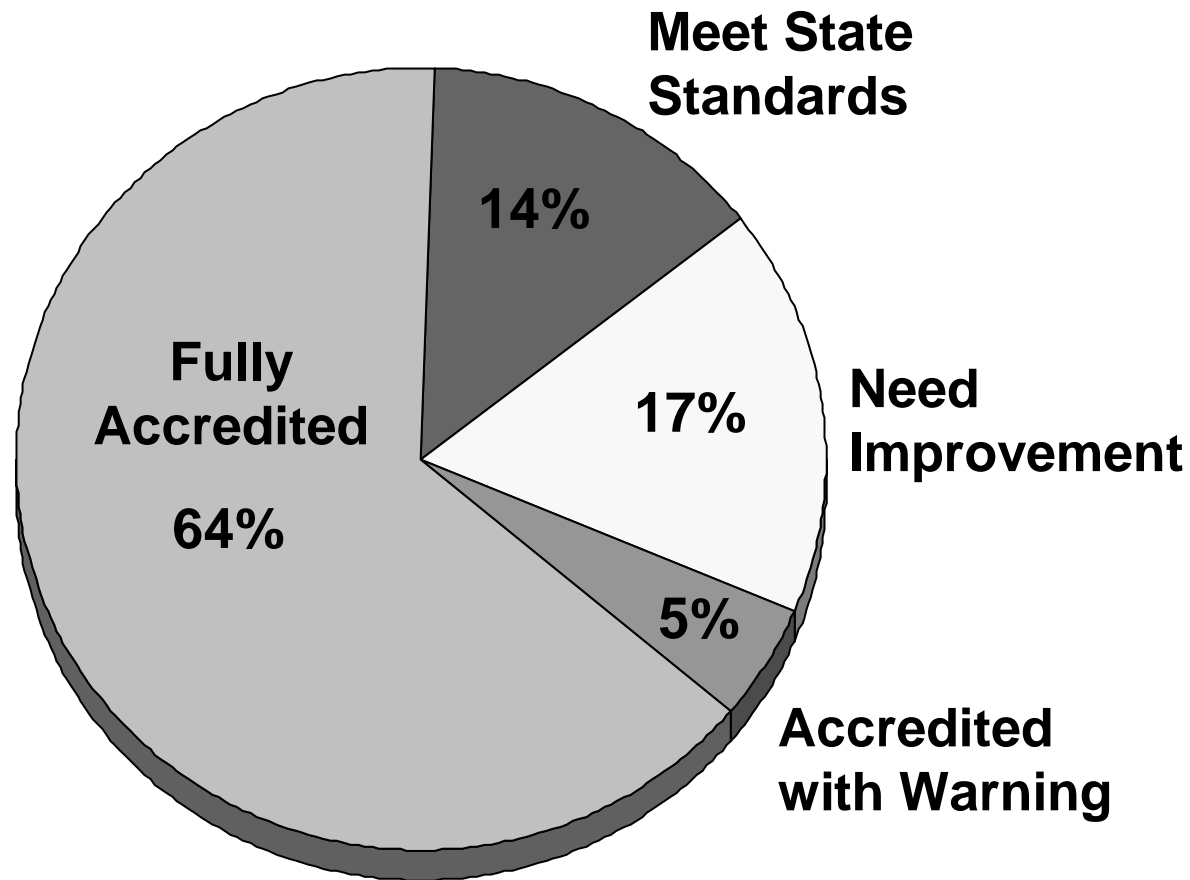
Types of Schools in Virginia

294 High Schools

302 Middle Schools

1,164 Elementary Schools

82 Other Schools: Alternative, Charter, Combined, Special Education

Schools by Accreditation Status

Study Issues

- ■ **How should school performance be defined and measured, and what are the best- and poorest- performing schools based on identified measures?**

- ■ **What external factors are most strongly associated with school performance?**

- ■ **How are financial resources related to school performance?**

Study Issues
(continued)

■ **To what extent are teacher/principal variables related to school performance?**

■ **What other factors or practices at the classroom, school, or division level are related to school performance and may distinguish the best- from the poorest-performing schools?**

■ **What should the State's role be in addressing poor school performance?**

Research Activities

- ■ **Structured interviews**

- ■ **Literature and document reviews**

- ■ **Regression and other data analysis**

- ■ **Surveys**

- ■ **Field visits to some high and low performing schools**

- ■ **Attendance of meetings**

Study Schedule

- Planning   spring 2003

- Research and analysis   summer and fall 2003

- Report drafting   fall 2003

- Commission briefing   December 2003

Studies Under Division Chief
Glen S. Tittermary

Review of Regional Health Planning Agencies

- **Project Leader:** Aris Bearse

- **Project Team:** Laura Whiteley

Review of Vehicle Fleet Management

- **Project Leader:** Aris Bearse

- **Project Team:** Gerald Craver

Maximizing Virginia's Federal Grant Funding Opportunities

- **Project Leader:** Eric Messick

- **Project Team:** Jason Powell

Studies Under Division Chief
Glen S. Tittermary (continued)

Virginia Retirement System Oversight

- VRS Analyst: Trish Bishop

Internal Service Fund Oversight

- Information Technology: Glen Tittermary

- General Services: Linda Ford

Computer Resources and Web Site Support

- IT Systems Manager: Glen Tittermary

- Document Support: Joan Irby

Review of Virginia's Regional Health Planning Agencies

Study Mandate

- In July 2002, the Commission approved a list of priorities for the Special Study on Options for Controlling and Reducing State Spending

- One priority identified was to determine whether the regional health planning agencies continue to play an essential role in health planning in the Commonwealth
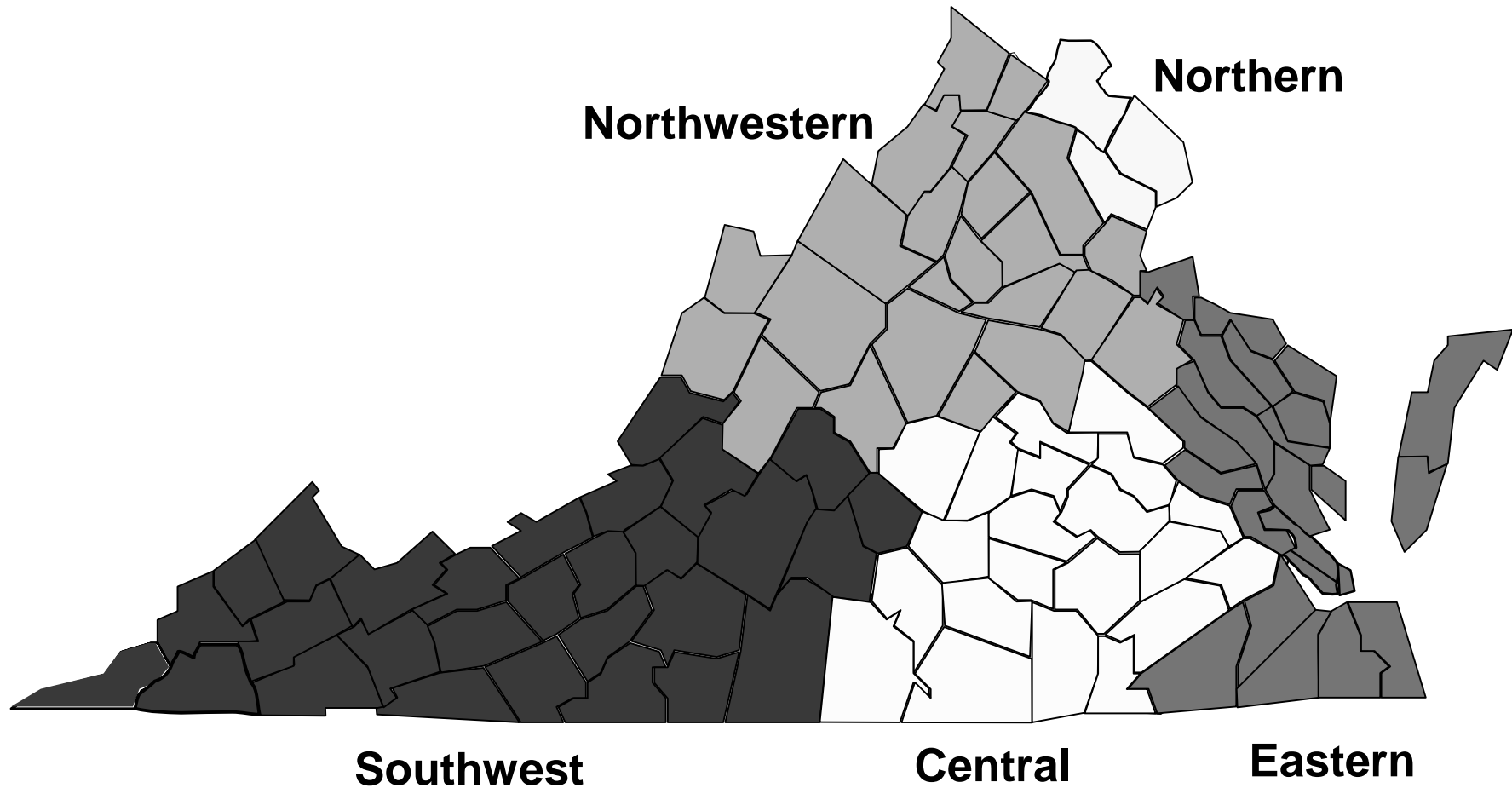
Background

■ **Five regional health planning agencies (HPAs) were created in 1973 to assist the Virginia Department of Health by performing health planning activities and making recommendations on certificate of public need (COPN) applications**

■ **COPN program was created to:**

- **Promote comprehensive health planning to meet the needs of the public**

- **Promote the highest quality of care at the lowest possible cost**

- **Avoid unnecessary duplication of medical care facilities**

- **Provide an orderly procedure for resolving questions concerning the need to construct or modify medical facilities**

Virginia Health Planning Regions

Background
(continued)

■ **Responsibilities of the health planning agencies include:**

- ● **Conducting data collection, research, and analyses**

- ● **Preparing reports and studies in consultation with the Board of Health**

- ● **Reviewing and commenting on the components of the State Health Plan**

- ● **Conducting needs assessments and serving as a technical resource to the Board of Health**

- ● **Identifying gaps in services, inappropriate use of services or resources, and assessing accessibility of critical services**

- ● **Reviewing applications for COPN and making recommendations to the Commissioner of Health**

- ● **Conducting such other functions as directed by the regional health planning boards**

Background
(continued)

- The HPAs received general fund appropriations in FY 2002 of $528,687, and $473,426 in excess COPN application fee revenue

- The HPAs also received local government appropriations totaling $182,100 (mostly in Northern Virginia)

- The HPAs employ 10 full-time staff persons plus several part-time staff persons

Study Issues

- Are the services of the health planning agencies duplicative of services being performed by the Virginia Department of Health?

- To what extent is the local input provided by HPAs necessary in administering the COPN program?

- Do the HPAs review COPN applications in a fair and equitable manner?

- What are the advantages and disadvantages of eliminating the HPAs?

Research Activities

■ **Structured interviews with:**

- **Virginia Department of Health staff**

- **Health planning agencies staff**

- **Staff in selected other states**

- **Staff associated with health provider interest groups**

■ **Analysis of COPN application data**

■ **Analysis of VDH and HPA budgets**

■ **Document reviews**

Study Schedule

■ **Data collection**   **winter and spring 2003**

■ **Report drafting**   **spring 2003**

■ **Commission briefing**   **June 2003**

Review of Fleet Management and the Use of Government-Owned Vehicles in Virginia

Study Mandate

■ **House Joint Resolution 518 of the 2003 General Assembly directs JLARC "to study the management of the Commonwealth's centralized vehicle fleet and use of government-owned motor vehicles by state employees"**

Background

- **Oversight of the Office of Fleet Management Services (OFMS) was transferred from the Department of Transportation to the Department of General Services in 2001**

- **OFMS administers, monitors, and enforces all State rules and regulations regarding the assignment, utilization, maintenance, repair, and replacement of fleet vehicles**

  - **Maintenance and repair responsibilities of the centralized vehicle fleet have remained with VDOT**

Background
(continued)

■ **The centralized vehicle fleet became an internal service fund on July 1, 1984**

■ **JLARC last reviewed fleet vehicle rental rates in 1999**

■ **JLARC has previously reviewed the management and use of state-owned vehicles in 1979 and 1989**

Background
(continued)

■ **There were 3,749 motor vehicles in the centralized fleet as of June 2002:**

- **168 trip pool vehicles**

- **3,581 vehicles permanently assigned to agencies**

■ **State employees traveled more than 50 million miles in FY 2002**

■ **State agencies reimbursed OFMS $12.8 million for the use of fleet vehicles**

■ **OFMS purchased 634 fleet vehicles in FY 2002 at a total cost of $9.2 million**

Study Issues

- ■ **Are the numbers, types, and quality of fleet vehicles adequate to address the mission of the State agencies that use them?**

- ■ **Are fleet vehicles being used in situations where mileage reimbursement to State employees could accomplish the same purpose?**

- ■ **Are public transportation vouchers an appropriate and cost-effective alternative to fleet vehicle use or mileage reimbursements?**

Study Issues
(continued)

■ **Could the outsourcing of fleet maintenance be more cost-effective?**

■ **Could the leasing of fleet vehicles be more cost-effective than purchasing?**

■ **Are there sufficient controls on fleet vehicle use by State employees to ensure that fleet vehicles are not being used for inappropriate personal transportation purposes?**

Research Activities

■ **Structured interviews with:**

- ● **Office of Fleet Management Services staff**
- ● **Department of General Services staff**
- ● **Department of Transportation staff**
- ● **Motor vehicle manufacturer fleet vehicle administrators**
- ● **Fleet vehicle maintenance vendors**

■ **Surveys:**

- ● **Trip pool vehicle users**
- ● **Agencies with permanently assigned vehicles**

■ **Analysis of financial and vehicle use data**

■ **Literature Review**

Study Schedule

- Data collection   spring and summer 2003

- Report drafting   fall 2003

- Commission briefing   December 2003

Review of Virginia's Activity in Maximizing Federal Grant Funding

Study Mandate

- **In July 2002, the Commission directed staff to review Virginia's activity in maximizing federal grant funding**

- **The Commission identified two areas for the project team to address. These include:**
  - Developing an inventory of available federal grants and the corresponding requirements for participation and
  - The potential to use more Medicaid funds for school health programs, special education services, and after-school programs

Background

- Since 1995, Virginia has ranked first or second in per-capita receipt of federal spending to states

- On a per-capita basis, Virginia has ranked 49th or 50th among the states in the amount of obligated federal grant funds it has received since Federal Fiscal Year (FFY) 1995

- During FFY 2000 and FFY 2001, Virginia was obligated more than $5.1 and $5.9 billion, respectively

- Of the $5.9 billion awarded in FFY 2001, 75 percent of those funds came from three federal departments – Health and Human Services, Transportation, and Education

Background
(continued)

- **There are primarily two types of federal grants available:**
  - Formula Grants – Reflect allocations to states based on an established formula. Examples include Medicaid and the Transportation Equity Act for the 21st Century
  - Project Grants – Are competitively awarded and represent funding that is available for a specific activity or service over a fixed period of time

- **In FFY 2001, the State was awarded 573 federal grants. Of these, nine formula grants accounted for almost 60 percent of Virginia's total grant funding**

Study Issues

- Do opportunities exist for Virginia to increase the State's share of federal grant funding?

- To what extent have programmatic factors and grant restrictions prevented Virginia from increasing its share of federal grant funding?

- Is there a potential to use more Medicaid funds for school health programs, special education, and after-school programs?

Study Issues
(continued)

■ **Do opportunities exist for improving the State's process for identifying and applying for federal grants?**

■ **How does Virginia's current process for identifying and applying for federal grants compare to that of other states?**

Research Activities

■ **Structured interviews with:**

- ● **State agency staff,**

- ● **Staff of Virginia's U. S. Congressional delegation,**

- ● **Staff in selected other states, and**

- ● **Staff in selected federal agencies**

■ **Analysis of U. S. Census Bureau data**

■ **Document reviews**

Study Schedule

■ **Status report**

  ● **Data collection**   spring 2003

  ● **Report drafting**   summer 2003

  ● **Commission briefing**   July 2003

■ **Final report**

  ● **Data collection**   spring and summer 2003

  ● **Report drafting**   summer 2003

  ● **Commission briefing**   October 2003

Oversight of the
Virginia Retirement System

Background

■ **Statutory Responsibility (§30-78 *et seq.* of the *Code of Virginia*):**

- Oversee and evaluate VRS on a continuing basis

- Produce semi-annual and annual investment reports

- Publish an informational guide for legislators

- Publish a biennial status report

- Conduct a quadrennial actuarial analysis

- Hire an actuary or other technical experts for use by JLARC, House Appropriations, and Senate Finance

2003 VRS Oversight Activities

- Semi-annual investment reports (July and December)

- Update the third edition of the *Legislator's Guide to the Virginia Retirement System* (with VRS assistance)

- Attend meetings of the Board of Trustees and the Investment Advisory Committee

Internal Service Funds

Background

■ **Statutory Responsibility (§2.2-803 of the *Code of Virginia*):**

- Creation of new funds as necessary

- Elimination of funds no longer needed

- Transfer of excess balances to the general fund

■ **Commission Policy:**

- Review of quarterly financial statements

- Approval of changes in billing formulas and rates

- Approval of changes in the scope and nature of services

Purpose of Internal Service Funds

- ■ **Provides incentive for government agencies to use certain resources, such as vehicles, computers, telephones, food and office commodities, efficiently by requiring them to pay for the services**

- ■ **Ensures that non-general fund agencies and programs contribute to the funding for central support services by charging for the cost of services – reducing the general fund costs for services such as telephone service, data processing, motor pool, surplus property, etc.**

Current Funds

■ **Virginia Information Technologies Agency (VITA)** (formerly the Department of Information Technology)

- Computer Services

- Automated Services

- Telecommunications

■ **VITA funds account for services totaling more than $122 million annually**

Current Funds
(continued)

■ **Department of General Services (DGS)**

- Fleet Management

- Virginia Distribution Center

- Federal Surplus Property

- Graphic Communications

- Maintenance and Repair

- State Surplus Property

- Consolidated Laboratory Services

- Real Property

- Capital Outlay Management

Current Funds
(continued)

- ■ **DGS funds account for services totaling more than $91 million annually**

- ■ **Total internal service fund revenues are about $214 million annually**

Schedule

- ■ **Review of financial statements**   **quarterly**

- ■ **Review of rate requests**   **as needed**

- ■ **Review of new fund rates**
  - ● **DGS funds**   **today**
  - ● **VITA funds**   **June / winter 2003**

Computer Systems Support

2003 Computer Systems Activities

- **Provide computing support for JLARC research teams:**
  - Data acquisition
  - On-line surveys
  - Applications support

- **Update web sites and publish new releases of the JLARC report CD-ROM**

- **Provide support for administrative systems**